

New Hampshire Lottery Commission
14 Integra Drive, Concord NH
Minutes of Commission Meeting
April 22, 2021 · 10:00 a.m.

Commissioners:

Debra Douglas, Chairman
Paul Holloway, Commissioner
H. Andy Crews, Commissioner

Lottery staff in attendance:

Charles McIntyre	Kelley-Jaye Cleland	Maura McCann	Lynda Plante
Katie Brown	Jim Duris	Danny Maloney	Jennifer Entsua-Mensah
John Conforti	Valerie King	Carmela Nolin	Robert Ottolia

Others in attendance:

*Guests attended by teleconference.

Chairman Douglas called the meeting to order at 10:05 a.m., which was held by teleconference.

1. ACCEPTANCE AND SIGNING OF PREVIOUS MINUTES

Chairman Douglas requested a motion to accept the minutes from the March 18, 2021 meeting. Commissioner Holloway so moved and was seconded by Commissioner Crews; all in favor, minutes were accepted.

2. FINANCIAL REPORTS

- a. Chief Financial Officer Jim Duris reported that Lottery sales for the month of March increased \$13.5 million compared to the same period last year, and year to date, sales have increased \$75.6 million. Instant ticket sales grew \$36.3 million, e-Instants increased by \$10.3 million, Fast Play grew \$7.2 million, and Keno is up \$7.4 million for the same period.
- b. Mobile sports betting revenues for March totaled \$1.4 million, bringing the total for fiscal year to date to \$10.4 million. Handle for the month was \$44.4 million, and that includes the allowance for promotional expenses accrued monthly. Retail handle reached \$11.4 million, with a net income of \$411 thousand for March.
- c. Racing and charitable gaming revenues increased for the month by \$372.8 thousand compared to the same period last year. Year to date, Games of Chance has grown \$760.0 thousand, and Bingo and Lucky 7 are down by \$122.0 thousand. Outs, the tickets that weren't cashed by patrons of the track, were purged. This reversal of \$183 thousand in temporary deposits lead to the majority of growth in sales for the month.
- d. The transfer to Education for March was \$14.0 million, which was ahead of plan by \$3.0 million. Year to date, Lottery is ahead of plan \$21.4 million, and the total transfers to Education this fiscal year have reached \$105.4 million. Director McIntyre remarked to Chairman Douglas that our record year was \$105 million; we still have three months of revenue before the end of this fiscal year. Commissioner Holloway asked the date of Lucky for Life game change, and Director McIntyre replied that it takes place in July.

- e. Our accounts receivable are in line with expectations. We still reflect a negative receivable in MUSL for prize payout, as the \$1 million winner still has not come forward. Mr. Duris explained that the cost of sales is up 75%, which is comprised of the quarterly accrual for the retailer bonus. Discussion over this bonus reconciliation followed: he explained that this year was unusual with the spike in retail sales, and accruing the bonus on a monthly basis versus the method in place now is not practical. Bad debt of \$2,700 was written off for one bankrupt retailer; he is pleased to report that our delinquent accounts are now at zero after collections of nearly \$12,000 in the last month.
- f. Expenses were expected to be high due to salary expenses, which are \$288 thousand over prior year. Indirect costs (SWCAP) billed by the State are \$120 thousand over their original estimate.

3. SPORTS BETTING

- a. Director of Sports Betting Danny Maloney reported that March was our second best mobile sports betting month, and best overall at retail. NCAA dominated the activity, followed by the Masters PGA tournament. Our hold is steady at 7.62%, and revenues for the month were \$1.92 million total between mobile and retail
- b. New Hampshire residents make up 88% of the activity on mobile and at retail. As noted, NCAA and PGA led the action in March and April. New England teams are dominating basketball and baseball wagering, and are expected to hold strong going into May.

4. SALES AND PRODUCT DEVELOPMENT

- a. Chief Product and Program Officer Kelley-Jaye Cleland reflected that sales are continuing to do well compared to this week last fiscal year. One year ago, instant ticket sales went from \$4.6 million to over \$6 million per week, and have maintained those levels. There are strong families of games planned for release, including a \$25 game launching at the end of May, which should end the fiscal year on a high note. Fast Play continues to perform well, and New Hampshire's per capita sales are number one among all states that offer the game. Keno has held steady at \$1 million in sales weekly.
- b. Product and program enhancements include updating some of our older Fast Play games; instants have been planned through the holidays/end of the calendar year. iLottery e-Instant games' roadmap is in place through October and includes the introduction of a progressive game. Powerball will be changing in August and as noted, Lucky for Life is changing in July.
- c. The Sales department has had personnel changes as Sales Assistant Devin Goley has been hired in Claims. Julie Pass has taken a position at OPLC, so we are hiring second chance/sales support.
- d. Ms. Cleland noted projects include the CRM tool, for which plans and research are continuing. The NH Lottery player app development is going forward in collaboration with Marcus Thomas and Intralot. And finally, Gimme 5 is planned for a May 10 launch on iLottery.
- e. The scratch ticket incentive program recently approved by the Commission started this month, and two retailers were recognized this week with check presentations. On April 21, Director McIntyre and Ms. Cleland appeared before the Governor and Executive Council with two instant ticket provider contract extensions. The contract with IGT was approved as submitted, and the Scientific Games contract was tabled.

5. MARKETING

- a.** Marketing Director Maura McCann reported that new point of sale marketing has been created to support the \$5 7-11-21 multi-media scratch game and the Loaded family in multiple price points launching in May, leading up to the launch of the \$25 game.
- b.** Website changes include an updated landing page with Gimme 5 for iLottery, and new FAQs to assist players with new payment option, Pay With My Bank. Customer acquisition has dipped a little, but the growing Mega Millions jackpot appears to be attracting new players to online purchasing. Marketing campaigns targeted first to female players, male players, and then by zip code was halted as cost per acquisition was too high; we have returned to a broader message. Additionally, in support of New Hampshire's first place Fast Play sales, the progressive games will be featured in a link on the landing page to bring players to the current jackpot.
- c.** Sports 603 development continues as GYK is building new pages for the website. We are collaborating with DraftKings and WMUR to develop a DraftKings ticker during the sports report. Director McIntyre clarified that the expense for this programming is partially funded by DraftKings, as they see it as a pilot for other markets around the country. In support of this ticker, DraftKings is producing social media content, including an influencer, Scott Zolak, radio broadcaster and former New England Patriot quarterback market.
- d.** Lottery is sponsoring several local sports teams this summer, including the Lakes Region, Nashua and of course the Keene Swamp Bats.

6. TRI-STATE REPORT

- a.** Ms. McCann summarized April Tri-State Lotto Commission activity. Three major gaming vendors have pitched new products to the lotteries for consideration as the next multi-state game to follow The Big \$pin. Two vendors proposed instant tickets with second chance components, and the third submitted a Fast Play progressive game played across all three states.
- b.** Scientific Games, Maine's lottery vendor, has been selected to conduct a Megabucks survey.
- c.** The Tri-State Commission is planning an in-person meeting for the fall. The expected topic for presentations by vendors is post-pandemic lottery strategies.

7. COMPLIANCE

- a.** Chief Compliance Officer John Conforti reported to the Commission that the Licensing and Enforcement Audit team will be completing a cycle of examinations this month that has been in process for two years. He commended them on their work inspecting sixteen charitable game rooms in twenty four months. They will repeat the process and the next pass will include a deeper dive as we now have a baseline of data as point of reference.
- b.** The Investigation team assembled a substantial case involving a game operator in Nashua; though it is still ongoing and details are confidential, Mr. Conforti wanted to give them proper appreciation for their work. He concluded his update by noting the changes in the Licensing team's staff; Rebekah St.Jacques has moved from Admin to Licensing as Program Assistant II, replacing Britni Halvorsen, who is moving to a supervisory position in the department when she returns from maternity leave. Mr. Conforti praised the busy team for doing a great job.

OPERATIONS

- a. Lynda Plante, Chief Operations Officer, greeted the Commission and gave an overview of the staff and activity of the Operations unit, noting that most remained on-site during the shutdown.
 - The Admin team has been required to be here every day; they support management and staff, and maintain a consistent customer service presence.
 - Human Resources is busy hiring for five open positions as employees are moving within Lottery and leaving for other agencies. HR ensures staff complete required State training.
 - Our Facilities crew oversees all aspects of the building maintenance and grounds, as well as meticulously ensures routine service of Lottery's fleet of vehicles.
 - Subscriptions and Retailer Licensing unit certifies the retail network for Sales. They also process the legacy subscription program, which is undergoing a shift due to game changes.
 - The Finance group completes the Operations unit.
- b. Chairman Douglas asked about the staff at 53 Regional Drive, which Ms. Plante noted are doing well and have developed logistics around social distancing and working in teams. The Chairman expressed concern that new employees may not have had active shooter training; Ms. Plante will look into the availability of instruction.
- c. In 2020, Lottery staff assisted other agencies with over 5,000 volunteer hours at call centers for Employment Security, GOFERR, 211 and COVID response, as well as the mass vaccination events. She expressed her pride in the agency and the staff's willingness to help through the pandemic.

8. OTHER

- a. Director McIntyre provided a legislative update of the three nearly identical historic horse racing (HHR) bills: the House version will go on the Senate consent calendar next week. It is expected to pass and be signed into law, so we are looking ahead to staffing up; and Valerie King is researching and drafting HHR rules. Director McIntyre also noted that Lottery made it through the State budget process without issues.
- b. New staff Bobbie Ottolia, General Ledger Accountant III, and Jennifer Entsua-Mensah, Human Resources Technician were introduced, and Ms. Goley's new position was noted.
- c. In closing, Director McIntyre repeated we have had a record-setting year, and it's only March.

9. NEXT MEETING

The Commission will meet next on May 27 at 10:00 a.m. It will be in person, with limited staff present.

At 11:10 a.m., Chairman Douglas entertained a motion to adjourn, which was made by Commissioner Holloway and seconded by Commissioner Crews.


Debra M. Douglas, Chairman


Paul J. Holloway, Commissioner


H. Andy Crews, Commissioner

Respectfully submitted, Carmela Nolin